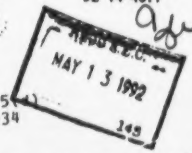
R
92-2244

018928
@ 35893

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549



FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992 Commission File No. 0-14908

TGC INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Texas	74-2095844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1304 Summit Avenue, Suite 2 Plano, Texas	75074
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 214/881-1099

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the registrant's classes of stock, as of the latest practicable date.

Class	Outstanding at April 22, 1992
Common Stock ($.10 Par Value)	434,902 shares

L30 PROCESSED BY
MAY 14 1992
9/9:P

BEST COPY AVAILABLE

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

TGC INDUSTRIES, INC.

BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Note)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 594,350	$ 736,568
Accounts receivable, net	363,016	332,642
Prepaid expenses and other	56,332	64,811
TOTAL CURRENT ASSETS	1,013,698	1,134,021
EQUIPMENT -- on the basis of cost		
Equipment	2,293,573	2,267,160
Allowances for depreciation	(1,664,107)	(1,582,116)
	629,466	685,044
OTHER ASSETS	51,338	51,338
	$1,694,502	$1,870,403

BALANCE SHEETS -- CONTINUED

	March 31, 1992 (Unaudited)	December 31, 1991 (Note)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 181,557	$ 121,640
Accrued liabilities	280,747	261,791
Current maturities of long-term obligations	152,703	152,703
Income taxes payable	---	---
TOTAL CURRENT LIABILITIES	615,007	536,134
LONG-TERM OBLIGATIONS	372,438	405,135
STOCKHOLDERS' EQUITY		
Preferred stock, $1 par value; authorized 4,000,000 shares; none issued	---	---
Common stock, $.10 par value; authorized 25,000,000 shares; issued and outstanding 434,902 shares	43,491	43,491
Additional paid-in capital	564,385	564,385
Retained earnings	99,181	321,258
	707,057	929,134
	$1,694,502	$1,870,403

Note: The balance sheet at December 31, 1991 has been derived from the audited financial statements at that date.

See notes to condensed financial statements.

TGC INDUSTRIES, INC.
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
REVENUE	$ 563,982	$1,337,373
COSTS AND EXPENSES		
Cost of sales	589,485	1,113,981
Selling, general and administrative	182,168	186,014
Interest	14,406	12,649
	$ 786,059	$1,312,644
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	$ (222,077)	$ 24,729
Provision for income taxes	---	8,408
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	(222,077)	16,321
Extraordinary item -- benefit from utilization of income tax loss carryforward	---	8,408
NET INCOME (LOSS)	$ (222,077)	$ 24,729
Earnings (loss) per common share: (Note D)		
Primary:		
Income (loss) before extraordinary item	$ (.51)	$ .04
Extraordinary item	---	.02
Net income (loss)	$ (.51)	$ .06
Fully diluted:		
Income (loss) before extraordinary item	$ (.51)	$ .03
Extraordinary item	---	.01
Net income (loss)	$ (.51)	$ .04
Weighted average number of shares used in computing earnings (loss) per share:		
Primary	434,902	429,895
Fully diluted	434,902	783,222

See notes to condensed financial statements.

TGC INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before extraordinary items	$ (222,077)	$ 16,321
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Extraordinary item - benefit from utilization of income tax loss carryforward	---	8,408
Depreciation and amortization	81,991	84,799
Gain on disposal of equipment	---	(14,633)
(Increase) decrease in current assets:		
Short-term investments	---	75,000
Accounts/notes receivable	(30,374)	511,816
Prepaid expenses and other	8,479	62,956
Increase (decrease) in current liabilities:		
Trade accounts payable	59,917	(186,089)
Accrued liabilities	18,956	170,811
Income taxes payable	---	---
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(83,108)	729,389
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to equipment	(26,413)	(75,956)
Proceeds from disposal of equipment	---	15,248
Increase in other assets	---	(47,782)
NET CASH USED IN INVESTING ACTIVITIES	(26,413)	(108,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of debt obligations	(32,697)	(15,747)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(32,697)	(15,747)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(142,218)	605,152
Cash and cash equivalents at beginning of period	736,568	71,849
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 594,350	$ 677,001

See notes to condensed financial statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A -- CAPITALIZATION

Capital Restructuring and Organization: At December 31, 1985, TGC Industries, Inc., formerly Tidelands Geophysical Company, Inc. (the "Company"), was a wholly-owned subsidiary of ESI Industries, Inc. (the "Former Parent Company"). Effective July 31, 1986, the Company was spun-off to the existing shareholders of the Former Parent Company. In connection with the spin-off, the Board of Directors approved a recapitalization of the Company. Under the recapitalization, the Company's authorized capital was changed from 1,000,000 shares of $.10 par value common stock to 25,000,000 shares of $.10 par value common stock and 4,000,000 shares of preferred stock with a par value of $1 per share. No preferred shares have been issued.

NOTE B -- BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

NOTE C -- MANAGEMENT REPRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information refer to the financial statements and the footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE D -- EARNINGS (LOSS) PER SHARE

The loss per share for the three months ended March 31, 1992 was calculated by dividing the net loss for the period by 434,902 shares of common stock that were issued and outstanding for the entire period. The common stock equivalents and Debentures mentioned below are not considered in the computation of primary and fully diluted loss per share for the quarter ended March 31, 1992 as they are anti-dilutive.

The following items were considered in the computation of earnings per share for the three months ended March 31, 1991. 394,203 shares of common stock were issued and outstanding for

the entire period. 66,699 shares granted under the Company's stock option plan were exercisable at the beginning of the quarter, and under the Treasury stock method 35,692 additional shares were considered in the computation of primary and fully-diluted earnings per share.

The 9% Convertible Subordinated Debentures issued in 1987 were determined not to be common stock equivalents at the time of issuance, and accordingly, do not enter into the computation of primary earnings per share. For fully diluted earnings per share, the Debentures are assumed to have been converted at the beginning of the period and under the if-converted method 353,327 additional shares should be added in determining the weighted average shares during the period. Conversion of the Debentures also would have resulted in interest savings of $5,963 for the three months ended March 31, 1991. The interest savings has been added back to net income for purposes of computing fully diluted earnings per share. The tax effect of this interest savings is zero due to the Company's net operating loss carryforward.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

OPERATING RESULTS

Revenues were $563,982 for the first quarter ended March 31, 1992 compared to revenues of $1,337,373 for the same period of the prior year. Net loss was $222,077 for the first quarter of 1992 as compared to net income of $24,729 for the first quarter of 1991.

The 58% decrease in revenues in the first quarter 1992 when compared to the first quarter of the prior year can be attributed to the drastic downturn in domestic geophysical activity that began in late 1991. The fourth quarter 1991 losses caused by this downturn continued into 1992 as both the Company's gravity Data Bank and seismic operations reported reduced revenues and substantial losses for the first quarter.

The U.S. geophysical industry is currently operating at its lowest level in decades. Low natural gas prices, high taxes, and environmental problems have made exploration and production in the U.S. unattractive for many energy companies. The focus of most oil and gas producers continues to shift overseas where finding costs can be lower and there is a much greater potential for discovering large reserves. The domestic seismic crew count decreased 29% from the already depressed levels of March 1991 resulting in extreme price competition and very low profit margins on available seismic program.

In spite of these industry conditions, the Company's business plan will be to remain solely a domestic geophysical contractor. The Company's limited capital base and the difficulty in obtaining outside financing prohibit TGC from moving into the international exploration market with its high working capital requirements.

The Company will continue to minimize expenses and further develop its three-dimensional ("3-D") recording capabilities. As domestic exploration focuses on more-precisely defined areas demand should increase for 3-D surveys. The greater precision and improved subsurface resolution obtainable from 3-D seismic data have enabled energy companies in the U.S. to better evaluate important subsurface features. Demand for this technology should help TGC maintain market share; however, the Company anticipates that substantial losses will continue until domestic conditions improve.

FINANCIAL CONDITION

Cash of $83,108 was used in operating activities for the three months ended March 31, 1992 compared with cash provided by operating activities of $729,389 in the same period of the prior year. The decrease in funds generated is attributable to the net loss in the first quarter of 1992 and reduced collections of accounts receivable that were a result of the lower revenues mentioned previously. Cash used in investing activities was additions to capital equipment and cash used in financing activities was payments of debt obligations.

Working capital decreased $199,196 to $398,691 from the December 31, 1991 balance of $597,887. The ratio of current assets to current liabilities was 1.6 to 1 at March 31, 1992 as compared to 2.1 to 1 at December 31, 1991.

Stockholders' equity decreased $222,077 from the December 31, 1991 balance of $929,134. The decrease was attributable to the net loss of $222,077 for the three months ended March 31, 1992.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a) Exhibits -- None.

b) Reports -- No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TGC INDUSTRIES, INC.

Date: May 11, 1992

By _____
Robert J. Campbell,
Chief Executive Officer

Date: May 11, 1992

By _____
Doug Kirkpatrick,
Treasurer and Principal
Accounting Officer